

Message Text

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64

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 PM-07 NSC-10 SPC-03 SS-20 RSC-01

L-03 CAB-09 CIAE-00 COME-00 DODE-00 INR-10 NSAE-00

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FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 3694

C O N F I D E N T I A L KINGSTON 0080

E.O. 11652: N/A

TAGS: ETRN

SUBJ: CIVAIR: AIR JAMAICA FUELING PROBLEM IN THE US

1. HERewith THE TEXT OF A NOTE FROM P.J. PATTERSON, MINISTER OF INDUSTRY, COMMERCE AND TOURISM, ON THIS SUBJECT. EMBASSY COMMENT BY SEPTEL.

2. BEGIN TEXT: QUOTE DEAR SIR, I REFER TO OUR DISCUSSION ON 21ST DEC, 1973, AND TO YOUR AIDE MEMOIRE REGARDING YOUR GOVT'S PROPOSED APPLICATION TO AIR JAMAICA OF A CUTBACK FORMULA OF 850 PER CENT OF ITS 1972 FUEL UPLIFT. I AM ALSO AWARE THAT YOU HAVE SUBSEQUENTLY HAD DISCUSSIONS WITH THE HONOURABLE ERIC BELL, MINISTER OF PUBLIC UTILITIES, COMMUNICATIONS AND TRANSPORT AND THAT HE HAS REVIEWED IN DETAIL WITH YOU THE PROBLEMS INHERENT IN THE PROPOSAL. HOWEVER, AS A FORMAL REACTION TO OUR DISCUSSION,*I MUST REQUEST THAT YOU BRING FORCEFULLY TO THE ATTENTION OF THE APPROPRIATE AUTHORITIES THE FACT THAT IT WOULD BE NOTHING SHORT OF DISASTROUS FOR AIR JAMAICA AND INDEED FOR THE JAMAICAN TOURIST INDUSTRY AS A WHOLE IF OUR NATIONAL AIRLINE WERE TO BE CUTBACK TO 85 PERCENT OF ITS USAGE ON THE BASIS OF THE PROPOSED FORMULA, AND THIS IN ADDITION TO THE CUTBACKS WHICH HAVE BEEN ANNOUNCED BY THE AMERICAN CARRIERS OPERATING INTO JAMAICA.

2. IN THIS CONNECTION, I ATTACH A COPY OF A LETTER OF THE
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5TH DEC FROM THE PRESIDENT AND MANAGING DIRECTOR OF AIR JAMAICA TO

THE DEPUTY DIRECTOR OF THE OFFICE OF PETROLEUM ALLOCATION, US DEPT OF INTERIOR. THE INFORMATION CONTAINED THEREIN SHOWS BRIEFLY THAT ON THE BASIS OF AIR JAMAICA'S SCHEDULE FOR THE FIRST QUARTER OF 1972, THE AIRLINE UPLIFTED IN THE UNITED STATES 1,663,000 US GALLONS OF FUEL. FOR THE FIRST QUARTER OF 1974, BASED ON THE INCREASED SCHEDULE AND CAPACITY WHICH AIR JAMAICA WILL BE OFFERING, THE AIRLINE WILL REQUIRE TO UPLIFT 3,738,000 GALLONS. IF AIR JAMAICA WERE TO CUTBACK TO 85 PERCENT OF THEIR FIRST QUARTER 1972 UPLIFT, THEY WOULD BE RECEIVING IN THE US ONLY 1,415,000 GALLONS OR 38 PERCENT OF THEIR 1974 REQUIREMENT.

3. THE AIRLINE HAD PLANNED ON THE ASSUMPTION THAT THEY WOULD HAVE TO LIVE WITH A CUTBACK OF THEIR 1974 REQUIREMENTS BUT THAT THIS CUTBACK WOULD NOT EXCEED 25 PERCENT OR AT THE VERY MOST 33 AND ONE THIRD PERCENT OF THEIR 1974 REQUIREMENTS. IN OTHER WORDS, THEY HAD SEEN THEMSELVES GETTING THE FIRST QUARTER BETWEEN 900,000 AND 1.2 MILLION GALLONS OF FUEL LESS THAN THEY REQUIRED.

4. THE AIRLINE'S CALCULATIONS HAVE SHOWN THAT PROVIDED THIS EXTRA AMOUNT COULD BE OBTAINED IN JAMAICA, THEY COULD OPERATE ALL THEIR SERVICES WITH A CUTBACK OF BETWEEN 900,000 AND 1.2 MILLION GALLONS IN THE US. IT WOULD, HOWEVER, BE TECHNICALLY IMPOSSIBLE TO OPERATE ALL THEIR SERVICES IF THEY WERE ONLY TO TAKE UP IN THE US 38 PERCENT OF THEIR 1974 REQUIREMENTS.

5. WHEN THE US GUIDELINES SPECIFYING AN UPLIFT OF 85 PERCENT OF THE 1972 USAGE WAS FIRST PUT OUT, IT WAS STATED QUITE CLEARLY BY THE US GOVT THAT THEY WOULD BE PREPARED TO CONSIDER EXCEPTIONAL CASES OF HARDSHIP, PARTICULARLY IN THOSE CASES WHERE AIRLINES HAD GROWN. THE ATTACHED LETTER INDICATES THAT IN THE CASE OF AIR JAMAICA, THE GROWTH HAD ALREADY TAKEN PLACE IN THE LAST QUARTER OF 1973.

6. FINALLY, IT IS APPROPRIATE THAT YOU SHOULD BE AWARE OF THE FACT THAT OUR EMBASSY IN WASHINGTON HAS BEEN HAVING MEETINGS ON THIS MATTER WITH OFFICIALS OF THE FEDERAL ENERGY OFFICE AND CONTACT HAS ALSO BEEN MADE WITH THE CIVIL AVIATION BUREAU AND THE STATE DEPARTMENT WITH A VIEW TO UNDERSCORING THE FACT THAT TO PROCEED IN THE MANNER PROPOSED WOULD CREATE UNTOLD HARDSHIP FOR AIR JAMAICA. I, NEVERTHELESS, CONSIDER IT BEST THAT YOU SHOULD HAVE MY REACTION TO THE PROPOSAL AS IT WAS PUT TO ME AT OUR MEETING.

7. IN VIEW OF ALL THE FOREGOING, YOU WILL CLEARLY SEE THE
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SERIOUS IMPLICATIONS OF THE PROPOSED CUTBACK FOR JAMAICA'S TOURIST INDUSTRY AND FOR AIR JAMAICA ITSELF AND I WOULD ACCORDINGLY REQUEST THAT MOST URGENT ATTENTION BE GIVEN TO THIS MATTER.

YOUR USUAL KIND COOPERATION WOULD BE GREATLY APPRECIATED.
YOURS FAITHFULLY,
P.J. PATTERSON, MINISTER OF INDUSTRY, COMMERCE AND TOURISM
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Message Attributes

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